

OPERATIONAL PERFORMANCE CONTINUED

PAPUA NEW GUINEA

Hidden Valley

		FY20	FY19	FY18'
Number of employees				
– Permanent		1 434	1 391	1 295
– Contractors		748	709	790
Total		2 182	2 100	2 085
Operational				
Volumes milled	(000t) (metric)	3 906	3 886	2 499
	(000t) (imperial)	4 307	4 285	2 757
Gold produced	(kg)	4 872	6 222	2 862
	(oz)	156 639	200 042	92 015
Gold sold	(kg)	4 949	6 192	2 763
	(oz)	159 113	199 077	88 833
Grade	(g/t)	1.25	1.60	1.36
	(oz/t)	0.036	0.047	0.039
Financial				
Revenue	(Rm)	3 748	3 591	409
	(US\$m)	239	253	31
Average gold price received	(R/kg)	757 348	579 902	550 956
	(US\$/oz)	1 504	1 272	1 283
Cash operating cost	(Rm)	1 696	1 371	228
	(US\$m)	108	97	17
Production profit	(Rm)	2 109	2 229	175
	(US\$m)	134	157	14
Capital expenditure	(Rm)	959	1 591	1 563
	(US\$m)	61	112	122
Operating free cash flow ²	(Rm)	871	573	(1 374)
	(US\$m)	56	40	(107)
Cash operating cost	(R/kg)	348 054	220 323	287 028
	(US\$/oz)	691	483	669
All-in sustaining cost	(R/kg)	562 648	497 399	466 256
	(US\$/oz)	1 120	1 090	1 094
Average exchange rate	(R/US\$)	15.66	14.18	12.85
Safety				
Number of fatalities		0	0	0
Lost-time injury frequency rate	per million hours worked	0.68	0.35	0
Environment				
Electricity consumption	(GWh)	120	117	59
Water consumption – primary activities	(ML)	1 810	1 827	1 359
Greenhouse gas emissions	(000t CO ₂ e)	165	208	57
Intensity data per tonne treated				
– energy		0.04	0.03	0.02
– water		0.46	0.47	0.54
– greenhouse gas emissions		0.04	0.05	0.02
Number of reportable environmental incidents		7	2	0

¹ FY18 gold produced includes 2 068kg (66 499oz) and gold sold 2 021kg (64 976oz) capitalised as part of pre-stripping of stages 5 and 6. Revenue of R1 045 million (US\$85 million) and the associated costs were capitalised during FY18.

² Operating free cash flow = revenue – cash operating cost – capital expenditure ± impact of run of mine (ROM) costs as per operating results.

Hidden Valley CONTINUED

Other salient features

Status of operation	Open-pit mining operation producing gold and silver (by-product). Post reinvestment, the pre-stripping of stage 5 commenced in October 2016. Commercial levels of production were achieved in the June 2018 production month. Stage 6 stripping began in FY19
Life of mine	4 years

Mineral Reserve estimates at 30 June 2020

Reserves (metric)	Proved			Probable			Total		
	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)
	2.3	1.32	3	14.2	1.61	23	16.5	1.57	26
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	2.5	0.039	98	15.6	0.047	733	18.2	0.046	831

Overview of operations

The Hidden Valley mine is an open pit gold and silver mine, situated in the Morobe Province in Papua New Guinea, some 210km northwest of Port Moresby. The mine is located at elevations between 2 800m and 1 700m above sea level within steep mountainous and forested terrain that experiences approximately 3m of rainfall per year. The major gold and silver deposits of Hidden Valley are located in the Morobe Granodiorite of the Wau Graben.

Crushed ore is conveyed from the Hidden Valley pit via a 5.5km long overland pipe conveyor and is treated at the Hidden Valley processing plant, which uses a two stage crushing circuit followed by a semi-autogenous grinding (SAG) mill, gravity, counter current decantation (CCD)/Merrill Crowe circuit for silver and a carbon-in-leach circuit for gold.

Operating performance FY20

Hidden Valley's safety and injury frequency rates are industry leading and the operation achieved a fourth consecutive year of zero fatalities and recorded more than 2 million fatality free shifts in FY20. This is testament to the culture of zero harm, safety coaching and leadership, as well as the use of critical control management that has been embedded operationally to drive safety.

Gold production declined by 22% to 4 872kg (156 639oz) and generated operating free cash flow of R871 million, making it the group's second largest contributor to operating free cash flow in FY20. Hidden Valley achieved an all-in sustaining unit cost of R562 648/kg (US\$1 120/oz), due to:

- Lower gold production in FY20 as a result of lower mined grade as the mine transitioned between various stages of the open pit
- Higher inventory adjustments and additional costs due to Covid-19 controls, offset by reduced operating and sustaining capital expenditure year on year

Despite the challenges associated with the Covid-19 pandemic and the 14-day mill stoppage in January 2020, caused by a fault in the mill's electronic management system, Hidden Valley was able to increase the volume milled by 0.5% to 3.9Mt, although the recovered grade declined to 1.25g/t, resulting in lower gold production.

In addition to a planned mine life of 4 years, a prefeasibility study for the life-of-mine extension has been completed which considers a two- to three-year mine life extension and annual gold production of approximately 190 000oz. This study has now progressed to feasibility stage, with study work expected to be completed during FY21.

Outlook for FY21

The key focus in FY21 will be to safely mine the current cutback to produce between 172 300 to 177 700 ounces, while commencing the next planned pushback of the main Hidden Valley pit. Our aim is to also obtain a renewal of the mining lease to support a proposed mine life extension beyond the current plan.